

TOWN OF CARRBORO, NORTH CAROLINA

***FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION***

June 30, 2002

Town of Carrboro, North Carolina

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Town of Carrboro, North Carolina

LIST OF PRINCIPAL OFFICIALS

BOARD OF ALDERMEN

Michael Nelson, Mayor

Jacquelyn Gist, Mayor Pro-Tempore
Joal Hall Broun
Mark Dorosin

Diana McDuffee
Allen Spalt
Alex Zaffron

TOWN MANAGER

Robert W. Morgan

ASSISTANT TOWN MANAGER

L. Bingham Roenigk

MANAGEMENT SERVICES DEPARTMENT

Judy Weller, Accounting Officer
Jan Bryant-Berry, Purchasing Officer
Cindy McLeod, Staff Accountant
Annette E. Rogers, Accounting Technician II
Paul Ragan, Accounting Technician I
Carrie Farrington, Program Support Assistant II

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Carrboro
Carrboro, North Carolina

We have audited the accompanying general purpose financial statements of the Town of Carrboro, North Carolina as of June 30, 2002 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Carrboro's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Carrboro as of June 30, 2002, and the results of its operations and the cash flows of its fiduciary fund type for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2002 on our consideration of the Town of Carrboro's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Town of Carrboro taken as a whole. The combining and individual fund financial statements and schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Carrboro. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Dixon Odom PLLC

September 20, 2002

FINANCIAL STATEMENTS

These financial statements provide an overview of the financial position of all funds and account groups and the operating results of all funds and the cash flows of the fiduciary fund. They also serve as an introduction to the more detailed statements and schedules that follow.

TOWN OF CARRBORO, NORTH CAROLINA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS AND OTHER DEBITS			
Assets			
Cash and cash equivalents	\$ 4,284,736	\$ 1,330,029	\$ 389,651
Taxes receivable	222,518	-	-
Accounts receivable	41,381	-	-
Notes receivable	-	232,329	-
Street assessments receivable	3,768	-	-
Due from governmental agencies	932,573	-	-
Inventories	43,934	-	-
Prepaid items	62,108	-	-
Fixed assets	-	-	-
Other debits			
Amount to be provided for the retirement of general long-term debt	-	-	-
Total Assets and Other Debits	\$ 5,591,018	\$ 1,562,358	\$ 389,651
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities			
Accounts payable and accrued liabilities	\$ 465,713	\$ -	\$ -
Deferred revenues	404,926	232,329	-
General obligation bonds payable - current	-	-	-
Compensated absences payable	-	-	-
General obligation bonds payable - noncurrent	-	-	-
Installment purchases payable - equipment	-	-	-
Installment purchases payable - improvements	-	-	-
Net pension obligation	-	-	-
Total liabilities	870,639	232,329	-
Equity and other credits			
Investment in general fixed assets	-	-	-
Fund balances			
Reserved for encumbrances	271,451	-	88,423
Reserved for prepaid items	62,108	-	-
Reserved by state statute	917,903	-	-
Reserved for other purposes	-	-	-
Unreserved			
Designated for specific purposes	43,160	714,192	301,228
Designated for subsequent year's expenditures	494,998	197,023	-
Undesignated	2,930,759	418,814	-
Total equity and other credits	4,720,379	1,330,029	389,651
Total Liabilities, Equity and Other Credits	\$ 5,591,018	\$ 1,562,358	\$ 389,651

The Notes to Combined Financial Statements are an integral part of this statement.

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
Non-Expendable Trust			
\$ 212,851	\$ -	\$ -	\$ 6,217,267
-	-	-	222,518
-	-	-	41,381
-	-	-	232,329
-	-	-	3,768
-	-	-	932,573
-	-	-	43,934
-	-	-	62,108
-	11,540,636	-	11,540,636
-	-	5,197,371	5,197,371
<u>\$ 212,851</u>	<u>\$ 11,540,636</u>	<u>\$ 5,197,371</u>	<u>\$ 24,493,885</u>
\$ -	\$ -	\$ -	\$ 465,713
-	-	-	637,255
-	-	137,000	137,000
-	-	390,554	390,554
-	-	722,000	722,000
-	-	950,060	950,060
-	-	2,888,060	2,888,060
-	-	109,697	109,697
-	-	5,197,371	6,300,339
-	11,540,636	-	11,540,636
-	-	-	359,874
-	-	-	62,108
-	-	-	917,903
172,851	-	-	172,851
-	-	-	1,058,580
40,000	-	-	732,021
-	-	-	3,349,573
<u>212,851</u>	<u>11,540,636</u>	<u>-</u>	<u>18,193,546</u>
<u>\$ 212,851</u>	<u>\$ 11,540,636</u>	<u>\$ 5,197,371</u>	<u>\$ 24,493,885</u>

The Notes to Combined Financial Statements are an integral part of this statement.

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**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
Year Ended June 30, 2002**

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Revenues				
Ad valorem taxes	\$ 6,838,670	\$ -	\$ -	\$ 6,838,670
Local option sales taxes	2,102,576	-	-	2,102,576
Other taxes and licenses	444,264	-	-	444,264
Unrestricted intergovernmental	369,242	-	-	369,242
Restricted intergovernmental	809,595	-	-	809,595
Permits and fees	746,206	-	-	746,206
Sales and services	151,403	-	-	151,403
Investment earnings	75,972	47,653	7,807	131,432
Other	40,392	97,103	25,073	162,568
Total revenues	11,578,320	144,756	32,880	11,755,956
Expenditures				
Current:				
General government	1,867,703	1,029	-	1,868,732
Public safety	3,521,900	-	-	3,521,900
Planning	843,097	-	-	843,097
Transportation	702,753	-	-	702,753
Public works	2,653,718	-	-	2,653,718
Parks and recreation	899,066	-	-	899,066
General services	1,000	-	-	1,000
Capital outlay	-	-	64,711	64,711
Debt service:				
Principal retirement	730,600	-	-	730,600
Interest and fees	304,789	-	-	304,789
Other appropriations	-	45,000	-	45,000
Total expenditures	11,524,626	46,029	64,711	11,635,366
Revenues over (under) expenditures	53,694	98,727	(31,831)	120,590
Other financing sources (uses)				
Operating transfers from other funds	76,000	291,504	121,000	488,504
Operating transfers to other funds	(293,004)	(195,500)	-	(488,504)
Proceeds from installment purchase agreements	349,550	-	-	349,550
Total other financing sources	132,546	96,004	121,000	349,550
Revenues and other sources over (under) expenditures and other uses	186,240	194,731	89,169	470,140
Fund balances, beginning of year	4,534,139	1,135,298	300,482	5,969,919
Fund balances, end of year	\$ 4,720,379	\$ 1,330,029	\$ 389,651	\$ 6,440,059

The Notes to Combined Financial Statements are an integral part of this statement.

TOWN OF CARRBORO, NORTH CAROLINA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS Year Ended June 30, 2002

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Ad valorem taxes	\$ 6,776,286	\$ 6,838,670	\$ 62,384
Local option sales taxes	2,120,993	2,102,576	(18,417)
Other taxes and licenses	318,390	444,264	125,874
Unrestricted intergovernmental	878,863	369,242	(509,621)
Restricted intergovernmental	615,243	809,595	194,352
Permits and fees	710,055	746,206	36,151
Sales and services	162,000	151,403	(10,597)
Investment earnings	130,000	75,972	(54,028)
Other	23,825	40,392	16,567
Total revenues	11,735,655	11,578,320	(157,335)
Expenditures			
Current:			
General government	2,055,387	1,926,238	129,149
Public safety	4,002,512	3,704,833	297,679
Planning	995,105	867,464	127,641
Transportation	703,760	702,753	1,007
Public works	3,393,057	2,878,004	515,053
Parks and recreation	1,183,564	910,337	273,227
General services	6,323	1,000	5,323
Debt service	539,004	533,997	5,007
Total expenditures	12,878,712	11,524,626	1,354,086
Revenues over (under) expenditures	(1,143,057)	53,694	1,196,751
Other financing sources (uses)			
Operating transfers from other funds	76,000	76,000	-
Operating transfers to other funds	(474,714)	(293,004)	181,710
Proceeds from installment purchase agreements	416,629	349,550	(67,079)
Total other financing sources (uses)	17,915	132,546	114,631
Revenues and other sources over (under) expenditures and other uses	(1,125,142)	186,240	1,311,382
Appropriated fund balance	1,125,142	-	(1,125,142)
Revenues, other sources and appropriated fund balance over expenditures and other uses	\$ -	186,240	\$ 186,240
Fund balances, beginning of year		4,534,139	
Fund balances, end of year		\$ 4,720,379	

The Notes to Combined Financial Statements are an integral part of this statement.

Special Revenue Funds		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	20,521	20,521
-	-	-
-	20,521	20,521
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	20,521	20,521
-	278,355	278,355
(195,500)	(195,500)	-
-	-	-
(195,500)	82,855	278,355
(195,500)	103,376	298,876
195,500	-	(195,500)
<u>\$ -</u>	103,376	<u>\$ 103,376</u>
	820,361	
	<u>\$ 923,737</u>	

The Notes to Combined Financial Statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE - FIDUCIARY FUND TYPE
Year Ended June 30, 2002**

	<u>Non- Expendable Trust</u>	<u>Total (Memorandum Only)</u>
	<u>Cemetery Trust Fund</u>	
Operating revenues		
Sales	\$ 13,090	\$ 13,090
Nonoperating revenues		
Investment earnings	<u>5,081</u>	<u>5,081</u>
Net income	18,171	18,171
Fund balance, beginning of year	<u>194,680</u>	<u>194,680</u>
Fund balance, end of year	<u><u>\$ 212,851</u></u>	<u><u>\$ 212,851</u></u>

The Notes to Combined Financial Statements are an integral part of this statement.

STATEMENT OF CASH FLOWS - FIDUCIARY FUND TYPE
Year Ended June 30, 2002

	<u>Non- Expendable Trust</u>	<u>Total (Memorandum Only)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	<u>\$ 13,090</u>	<u>\$ 13,090</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>13,090</u>	<u>13,090</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>5,081</u>	<u>5,081</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>5,081</u>	<u>5,081</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,171	18,171
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>194,680</u>	<u>194,680</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 212,851</u></u>	<u><u>\$ 212,851</u></u>

The Notes to Combined Financial Statements are an integral part of this statement.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 1. Summary of Significant Accounting Policies

The accounting policies of the Town of Carrboro (the "Town") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Carrboro is a political subdivision of Orange County which is governed by an elected mayor and a six-member Board of Aldermen.

B. Basis of Presentation - Fund Accounting

The accounts of the Town are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The account groups are not funds but are a reporting device used to account for certain assets and liabilities of the governmental funds that are not recorded directly in those funds.

The Town uses the following fund categories (further divided by fund type) and account groups:

GOVERNMENTAL FUNDS are used to account for the Town's governmental functions. Governmental funds include the following fund types:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, state grants and various other taxes and licenses. The primary expenditures are for management services (administration and technology), public safety, street maintenance and construction, and sanitation services.

Special Revenue Funds - The Special Revenue Funds account for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. The Town maintains four Special Revenue Funds within the governmental fund types, including the HOME Program Grant Match Fund, the Revolving Loan Fund, the Capital Reserve Fund, and the Payment in Lieu Reserve Fund.

Capital Projects Fund - The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by trust funds).

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

FIDUCIARY FUNDS are used to account for assets held by the Town of Carrboro in a trustee capacity or as an agent for individuals, private organizations or other funds. The Town has one Fiduciary Fund, that being the Cemetery Trust Fund. A further description of this fund follows:

Cemetery Trust Fund - In 1984 the Town established a nonexpendable Cemetery Trust Fund for the purpose of perpetually caring for and beautifying the Town's cemeteries. Fees charged for cemetery lots and income generated through investment of the fund's assets will be added to the fund balance. No money will be drawn from the fund until the investment income generated is sufficient to provide annual care and maintenance costs.

ACCOUNT GROUPS

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the Town acquired principally for general purposes.

General Long-Term Debt Account Group - This group of accounts is established to account for all general long-term debt and certain other liabilities.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The fiduciary fund type is accounted for on the flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fiduciary fund type equity (i.e., net total assets) is represented by fund balance. Operating statements for this fund present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

The basis of accounting determines when the revenues and expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting. The governmental fund types are presented in the financial statements on this same basis. Under the modified accrual basis, revenues are recognized in the accounting period when they become susceptible to accrual (i.e., when they are "measurable" and "available") to pay the liabilities of the current period. In addition, expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which are recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The Town recognizes assets of nonexchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized on the modified accrual basis of accounting when they are measurable and available. Nonexchange transactions occur when one government provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. The Town considers all revenues available if they are collected within 60 days after year end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the subsequent year. Also, as of January 1, 1993, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Orange County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Carrboro. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Orange County from March 2001 through February 2002 apply to the fiscal year ended June 30, 2002. Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. Those taxes for vehicles registered from March 1 through the fiscal year end apply to the 2002-2003 fiscal year and are not shown as receivables at June 30, 2002. For vehicles registered under the annual system, taxes are due on May 1 of each year. For those vehicles registered and billed under the annual system, uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenues because the due date and the date upon which interest begins to accrue passed prior to June 30. The taxes for vehicles registered annually that have already been collected as of year end are also reflected as deferred revenues at June 30, 2002 because they are intended to finance the Town's operations during the 2001-2002 fiscal year.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Sales taxes collected and held by the state at year end on behalf of the Town are recognized as revenue. Generally, intergovernmental revenues and sales and services are not susceptible to accrual because they are not measurable until received in cash. Certain state-shared revenues received beyond 60 days of the Town's fiscal year-end are accrued as receivables and offset by deferred revenues if the payment received related to events occurring prior to year-end. Grant revenues which are unearned at year end are recorded as deferred revenues.

Fiduciary fund types are presented in the financial statements on the accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when earned and expenses are recognized in the period they are incurred. As permitted by generally accepted accounting principles, the Town has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its fiduciary fund type.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Capital Reserve Fund and the Payment in Lieu Reserve Fund (Special Revenue Fund types). All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the remaining Special Revenue Funds, and the Capital Projects Fund. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the fund level for multi-year funds. The Finance Officer is authorized to approve intradepartmental transfer requests between appropriation units and between departmental programs within the limits of the approved departmental budget. In the Capital Projects Fund, the Town Manager is allowed to transfer funds under \$10,000 between line items as long as transfers are within the overall project budget. During the year, several amendments to the original budget were necessary, the effects of which were not material.

A budget calendar is included in the North Carolina General Statutes which prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

April 30 - Each department head will transmit to the budget officer the budget requests and the revenue estimates for their department for the budget year.

June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget shall be scheduled at this time.

July 1 - The budget ordinance shall be adopted by the governing board.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Data (Continued)

As required by state law [G. S. 159-26(d)], the Town maintains encumbrance accounts which are considered to be "budgetary accounts." Encumbrances outstanding at year end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in progress at year end are completed. Encumbrances outstanding at year end do not constitute expenditures or liabilities. These encumbrances outstanding are reported as "reserved for encumbrances" in the fund balance section of the combined balance sheet and will be charged against the subsequent year's budget.

E. Assets, Liabilities and Fund Equity

1. Deposits and Investments

All deposits of the Town are made in Board-designated official depositories and are secured as required by state law [G. S. 159-31]. The Town may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G. S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The Town's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earnings and investment contracts are reported at cost.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

3. Ad Valorem Taxes Receivable

In accordance with state law [G. S. 105-347 and G. S. 159-13(a)], the Town levies ad valorem taxes on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2001.

4. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables written off in prior years.

5. Inventory

The inventory of the Town is valued at weighted average cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded initially in inventory accounts and charged as expenditures when used.

6. Fixed Assets

Fixed assets are recorded at original cost. Donated fixed assets are recorded at the fair value on the date of donation. Public domain or infrastructure general fixed assets are not capitalized because such assets are immovable and are of value only to the Town. Also, the Town has elected not to capitalize those interest costs which are incurred during the construction period of general fixed assets. Depreciation is not recorded on general fixed assets.

7. Fund Equity

Reservations or restrictions of equity represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of equity represent tentative management plans that are subject to change.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities and Fund Equity (Continued)

7. Fund Equity (Continued)

State law [G. S. 159-13(b)(16)] restricts appropriation of fund balance or fund equity for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

RESERVED:

Reserved for encumbrances - portion of fund balance available to pay for any commitments related to purchase orders and contracts which remain unperformed at year end.

Reserved for prepaid items - portion of fund balance that is not available for appropriation because it represents the year-end fund balance of prepaid expenses, which are not expendable, available resources.

Reserved by state statute - portion of fund balance, in addition to reserves for encumbrances and reserves for inventories, which is not available for appropriation under state law [G. S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables which have not been offset by deferred revenues.

Reserved for other purposes - portion of fund balance reserved for care of the Town's cemetery.

UNRESERVED:

Designated for specific purposes - portion of fund balance designated for specific purposes approved by the Town. Includes portion of fund balance designated to ensure funding for items intended for expenditure in the current fiscal year but for which the Town has not completed the project to enable spending.

Designated for subsequent year's expenditures - portion of the total fund balance available for appropriation that has been designated for the adopted 2002-2003 budget ordinance.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year end.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 1. Summary of Significant Accounting Policies (Continued)

F. Revenues, Expenditures and Expenses

Other Resources

Transfers from a fund receiving revenue to the fund through which the resources are to be expended are recorded as "operating transfers out" in the transferring fund and "operating transfers in" in the receiving fund.

Compensated Absences

The vacation policy of the Town provides for the accumulation of annual vacation leave without any applicable maximum until December 31st of each calendar year. However, if an employee separates from service, payment for accumulated annual vacation leave shall not exceed 240 hours (14 duty days for shift fire personnel). On December 31st of each calendar year, any employee with more than 240 hours (14 duty days for shift fire personnel) of accumulated leave shall have the excess accumulation converted to sick leave so that only 240 hours (14 duty days for shift fire personnel) are carried forward to January 1st of the next calendar year. For the Town, the current portion of the accumulated vacation pay is not considered to be material; therefore, no expenditure or liability has been reported in the governmental funds. The Town's liability for accumulated earned vacation and the salary-related payments for governmental funds is recorded in the General Long-Term Debt Account Group.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

G. Total (Memorandum Only) Columns

The total columns on the accompanying financial statements are captioned as "Total (Memorandum Only)" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations, or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of these data.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 2. Budget-to-GAAP Reconciliation

Exhibit C, the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, compares the budget and actual data by fund type for those governmental funds that adopt annual budgets. Therefore, only those Special Revenue Funds that adopt annual budgets are included on Exhibit C, while all Special Revenue Funds are included in Exhibit B. The Capital Projects Fund does not adopt an annual budget; therefore, this fund is not included in Exhibit C. A budget-to-GAAP reconciliation for the Special Revenue Funds and the Capital Projects Fund is included below:

	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>
Revenues - annual budget	\$ 20,521	\$ -
Add revenues recorded in multi-year budgets	<u>124,235</u>	<u>32,880</u>
Total revenues	<u>144,756</u>	<u>32,880</u>
Add expenditures recorded in multi-year budgets	<u>46,029</u>	<u>64,711</u>
Total expenditures	<u>46,029</u>	<u>64,711</u>
Revenues over (under) expenditures	<u>98,727</u>	<u>(31,831)</u>
Other financing sources (uses)		
Operating transfers in	291,504	121,000
Operating transfers out	<u>(195,500)</u>	<u>-</u>
Total other financing sources	<u>96,004</u>	<u>121,000</u>
Increase in fund balance	194,731	89,169
Fund balance, beginning of year	<u>1,135,298</u>	<u>300,482</u>
Fund balance, end of year	<u>\$ 1,330,029</u>	<u>\$ 389,651</u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note . Budget-to-GAAP Reconciliation (Continued)

The accompanying schedule reconciles certain General Fund transactions which are treated differently on Exhibit B (GAAP basis) and Exhibit C (budgetary basis). These differences relate to debt service transactions and are summarized below:

	<u>Exhibit B</u>	<u>Increase (Decrease)</u>		<u>Exhibit C</u>
General government	\$ 1,867,703	\$ 58,535 (1)		\$ 1,926,238
Public safety	3,521,900	182,933 (1)		3,704,833
Planning	843,097	24,367 (1)		867,464
Public works	2,653,718	224,286 (1)		2,878,004
Parks and recreation	899,066	11,271 (1)		910,337
Debt service:				
Principal retirement	730,600	(730,600) (1)		-
Interest and fees	304,789	(304,789) (1)		-
Principal and interest	-	533,997 (1)		533,997

(1) Reclassification of debt payments.

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

At June 30, 2002, the Town's deposits had a carrying amount of \$878,974 and a bank balance of \$983,239. Of the bank balance, \$100,000 was covered by federal depository insurance and \$883,239 was covered under the Pooling Method. The Town had \$550 of petty cash on hand at June 30, 2002.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 3. Detail Notes on All Funds and Account Groups

2. Investments

The Town's investments are categorized to give an indication of the level of custodial risk assumed by the entity at year end. However, the Town's only investment is in the North Carolina Capital Management Trust which is exempt from risk categorization because the Town does not own any identifiable securities, but is a shareholder of a percentage of the fund.

At June 30, 2002, the Town's investment balances were as follows:

	<u>Reported Value</u>	<u>Fair Value</u>
North Carolina Capital Management Trust - Cash Portfolio	<u>\$ 5,337,743</u>	<u>\$ 5,337,743</u>

There were no realized or unrealized gains or losses on the Town's investments during the fiscal year ended June 30, 2002.

3. Receivables

Due from Governmental Agencies

Amounts due from governmental agencies consist of the following:

	<u>Other Cities and Towns</u>	<u>State</u>	<u>Total</u>
General Fund			
Sales and use tax distribution	\$ -	\$ 548,255	\$ 548,255
Utilities franchise and			
Telecommunications tax	-	99,985	99,985
Sales and gas tax refunds	-	100,785	100,785
Transit Operating Assistance	146,269	-	146,269
Other	<u>6,876</u>	<u>30,403</u>	<u>37,279</u>
	<u>\$ 153,145</u>	<u>\$ 779,428</u>	<u>\$ 932,573</u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 3. Detail Notes on All Funds and Account Groups (Continued)

A. Assets (Continued)

3. Receivables (Continued)

Notes Receivable

In 1986, the Town obtained three grants from the North Carolina Department of Natural Resources and Community Development for the purpose of making loans to three local businesses. The principal repayments and related interest income have been used to establish a revolving loan fund from which loans have been made to numerous additional local businesses.

The following is a summary of notes receivable at June 30, 2002:

	<u>Interest Rate</u>	<u>Balance</u>
S & B Beauty	6.50%	\$ 12,469
University Printery	8.00	14,186
Carrburrito's, Inc.	6.00	18,562
Acme Food & Beverage Company	7.00	34,409
The Trains, Inc.	4.00	12,667
Piedmont Health Services	5.25	8,923
El Chilango	6.00	41,488
Paper, Pen & Ink	6.00	12,836
Alphabet Soup	6.00	45,538
Chicken Noodle Soup	3.00	10,966
Orange Co. Social Club	6.00	<u>20,285</u>
Total		<u>\$ 232,329</u>

4. Receivables - Allowance for Doubtful Accounts

The Town provides, as an allowance for uncollectible accounts, a percentage of its receivables which it does not expect to collect based on historical collection rates.

The amounts presented in Exhibit A, the combined balance sheet, are net of the following allowances for doubtful accounts:

General Fund	
Property taxes	<u>\$ 62,938</u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 3. Detail Notes on All Funds and Account Groups (Continued)

A. Assets (Continued)

5. Fixed Assets

Major classifications of and changes within the Town's General Fixed Assets Account Group are summarized as follows:

	General Fixed Assets <u>July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	General Fixed Assets <u>June 30, 2002</u>
By asset type:				
Land	\$ 1,668,013	\$ 62,000	\$ -	\$ 1,730,013
Buildings and improvements	4,301,658	33,758	86,639	4,248,777
Equipment	4,438,043	277,463	336,750	4,378,756
Community park	<u>1,183,090</u>	<u>-</u>	<u>-</u>	<u>1,183,090</u>
Total	<u>\$ 11,590,804</u>	<u>\$ 373,221</u>	<u>\$ 423,389</u>	<u>\$ 11,540,636</u>
By function:				
Governance and administration	\$ 1,082,526	\$ 122,423	\$ 79,694	\$ 1,125,255
Public safety	3,726,951	138,938	111,170	3,754,719
Planning	177,723	-	24,231	153,492
Public works	2,284,144	111,860	200,706	2,195,298
Parks and recreation	<u>4,319,460</u>	<u>-</u>	<u>7,588</u>	<u>4,311,872</u>
Total	<u>\$ 11,590,804</u>	<u>\$ 373,221</u>	<u>\$ 423,389</u>	<u>\$ 11,540,636</u>

B. Liabilities

1. Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The Town of Carrboro contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G. S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The state's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 3. Detail Notes on All Funds and Account Groups (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

Local Governmental Employees' Retirement System (Continued)

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.8 % and 4.64 %, respectively, of annual covered payroll. The contribution requirements of members and of the Town of Carrboro are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2002, 2001 and 2000 were \$248,722 \$219,847 and \$194,916, respectively. The contributions made by the Town equaled the required contributions for each year.

Law Enforcement Officers' Special Separation Allowance

Plan Description. The Town of Carrboro administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2001, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>35</u>
Total	<u><u>36</u></u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 3. Detail Notes on All Funds and Account Groups (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

Law Enforcement Officers' Special Separation Allowance (Continued)

Summary of Significant Accounting Policies:

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Contributions:

The Town is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2000 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) a 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 5.9% to 9.8% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 3. Detail Notes on All Funds and Account Groups (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

Law Enforcement Officers' Special Separation Allowance (Continued)

Annual Pension Cost and Net Pension Obligation. The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 35,631
Interest on net pension obligation	6,144
Adjustment to annual required contribution	<u>(4,463)</u>
 Annual pension cost	 37,312
Contributions made	<u>(12,366)</u>
 Increase in net pension obligation	 24,946
Net pension obligation, beginning of year	<u>84,751</u>
 Net pension obligation, end of year	 <u><u>\$ 109,697</u></u>

Trend Information:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/00	\$ 23,069	31.27%	\$ 71,646
6/30/01	27,532	52.40%	84,751
6/30/02	37,312	33.14%	109,697

Supplemental Retirement Income Plan

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G. S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Additionally, the Town has elected to include all permanent, full-time employees under this plan.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 3. Detail Notes on All Funds and Account Groups (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

Supplemental Retirement Income Plan (Continued)

Funding Policy. Article 12E of G. S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each law enforcement officer's salary, and all amounts contributed are vested immediately. The Town has elected to contribute each month an amount equal to three percent of each participating general employee's salary. Also, the participants may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2002 were \$273,835 which consisted of \$175,897 from the Town and \$97,938 from the employees.

2. Other Post-Employment Benefits

In addition to providing pension benefits, the Town has elected to provide post-retirement health benefits to retirees of the Town who participate in the North Carolina Local Governmental Employees' Retirement System. The Town pays the full cost of coverage for these benefits. Currently, thirteen retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2002, the Town made payments for post-retirement health premiums of \$24,003.

The Town has elected to provide death benefits to local law enforcement employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those local law enforcement employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$20,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the state. Because the benefit payments are made by the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. For the fiscal year ended June 30, 2002, the Town made contributions to the state for death benefits of \$5,025. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .08% and .14%, respectively, of covered payroll. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 3. Detail Notes on All Funds and Account Groups (Continued)

B. Liabilities (Continued)

3. Deferred Revenues

As discussed in Note 1 (Summary of Significant Accounting Policies), property taxes receivable are not recognized as current revenues because they are not considered to be both measurable and available. Generally accepted accounting principles require property taxes that are measurable but not available to be initially recorded as deferred revenues. In addition, property taxes collected in advance of the fiscal year to which they apply are also recorded as deferred revenues.

The Town receives other entitled or shared revenues (which are restricted more in form than in substance) to which it budgets related expenditures within the General Fund. These resources, where expenditures of such amounts are a prime factor for determining future allocations, are recognized as revenue at the point the expenditures are made. Amounts received in advance of such expenditures are recorded as deferred revenues.

Deferred revenues at June 30, 2002 consist of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Property taxes	\$ 222,518	\$ -	\$ 222,518
Street assessments	3,768	-	3,768
Utilities franchise and telecommunications	-	-	-
Tax due from the State	99,985	-	99,985
Prepaid privilege license	32,472	-	32,472
Unearned Grant proceeds received	13,372	-	13,372
Other unearned revenues received	32,811	-	32,811
Notes receivable	<u>-</u>	<u>232,329</u>	<u>232,329</u>
Total	<u>\$ 404,926</u>	<u>\$ 232,329</u>	<u>\$ 637,255</u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 3. Detail Notes on All Funds and Account Groups (Continued)

B. Liabilities (Continued)

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability of \$2 million per occurrence and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and unlimited lifetime employee health coverage. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property liability in excess of \$500,000 and \$100,000 statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

The Town carries commercial coverage for police liability and public officials liability. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

5. Long-Term Obligations

a. Installment Purchase Agreements - Equipment - General Fund

The Town has entered into agreements to finance certain equipment. The title to the equipment is held in the name of the Town and security interest in the equipment has been granted to the financing institution. The general fixed assets have been recorded at the present value of the future minimum installment payments as of the date of their inception.

Assets under installment purchases in the Town's General Fixed Assets Account Group are recorded at a cost of \$ 1,806,573.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 3. Detail Notes on All Funds and Account Groups (Continued)

B. Liabilities (Continued)

5. Long-Term Obligations (Continued)

a. Installment Purchase Agreements - Equipment - General Fund (Continued)

The future minimum payments of the installment purchase and the net present value of these payments as of June 30, 2002 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>General Long-Term Debt</u>
2003	\$ 491,909
2004	280,502
2005	<u>234,309</u>
Total minimum payments	1,006,720
Less amount representing interest	<u>56,660</u>
Present value of installment purchase payments - equipment	<u>\$ 950,060</u>

b. Installment Purchase Agreements - Improvements - General Fund

The Town has an installment purchase agreement for the purchase and renovation of a facility for the Carrboro Century Center and for improvements to the Town Hall Municipal Building. The financing contract requires semi-annual payments of \$127,812 due July 3 and January 3, including interest at 5.49%.

The Town has an installment purchase agreement to partially finance the purchase of land for a park. The financing contract requires semi-annual payments of \$13,581 due July 1 and January 1, including interest at 5.98%.

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 3. Detail Notes on All Funds and Account Groups (Continued)

B. Liabilities (Continued)

5. Long-Term Obligations (Continued)

b. Installment Purchase Agreements - Improvements - General Fund (Continued)

The future minimum payments of the installment purchase and the net present value of these payments as of June 30, 2002 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>General Long-Term Debt</u>
2003	\$ 282,785
2004	282,785
2005	282,785
2006	282,785
2007	282,785
Next five years	1,413,919
Thereafter	<u>1,487,411</u>
Total minimum payments	4,315,255
Less amount representing interest	<u>(1,427,195)</u>
Present value of installment purchase payments - improvements	<u>\$ 2,888,060</u>

c. General Obligation Indebtedness

General obligation bonds payable at June 30, 2002 consist of the following issues which are included in the General Long-Term Debt Account Group:

Taxable refunding bond issued May 3, 1989; principal due serially to 2009; interest due December 1 and June 1 at 10.35%.	\$ 499,000
Street and bikeways; issued June 1, 1987; principal due serially to 2005; interest due December 1 and June 1 at 7%.	160,000
Street and bikeways; issued June 1, 1990; principal due serially to 2010; interest due December 1 and June 1 at 7%.	<u>200,000</u>
Total general obligation bonds	<u>\$ 859,000</u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 3. Detail Notes on All Funds and Account Groups (Continued)

B. Liabilities (Continued)

5. Long-Term Obligations (Continued)

c. General Obligation Indebtedness (Continued)

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2003	\$ 137,000	\$ 76,846	\$ 213,846
June 30, 2004	143,000	65,514	208,514
June 30, 2005	128,000	53,562	181,562
June 30, 2006	95,000	42,491	137,491
June 30, 2007	102,000	33,496	135,496
Next five years	<u>254,000</u>	<u>38,755</u>	<u>292,755</u>
	<u>\$ 859,000</u>	<u>\$ 310,664</u>	<u>\$ 1,169,664</u>

The Town's legal debt margin at June 30, 2002 was \$78,242,929.

d. Changes in General Long-Term Debt

During the year ended June 30, 2002, the following changes occurred in liabilities reported in the General Long-Term Debt Account Group:

<u>By type of debt:</u>	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2002</u>
General obligation bonds	\$ 991,000	\$ -	\$ 132,000	\$ 859,000
Installment purchases - equipment	1,081,001	349,550	480,491	950,060
Installment purchases - improvements	3,006,169	-	118,109	2,888,060
Compensated absences	348,568	41,986	-	390,554
Net pension obligation	<u>84,751</u>	<u>24,946</u>	<u>-</u>	<u>109,697</u>
	<u>\$ 5,511,489</u>	<u>\$ 416,482</u>	<u>\$ 730,600</u>	<u>\$ 5,197,371</u>

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 3. Detail Notes on All Funds and Account Groups (Continued)

B. Liabilities (Continued)

5. Long-Term Obligations (Continued)

d. Changes in General Long-Term Debt (Continued)

By purpose:	Balance July 1, 2001	Additions	Retirements	Balance June 30, 2002
General obligation bonds				
Other general obligation indebtedness	\$ 991,000	\$ -	\$ 132,000	\$ 859,000
Installment purchases - equipment				
General government:				
Management services - software equipment	55,402	-	17,479	37,923
Management services - technology equipment	135,710	-	31,477	104,233
Public safety:				
Police - patrol vehicle and motorized equipment	156,177	137,475	93,573	200,079
Police - investigations vehicle	17,034	26,075	8,355	34,754
Fire suppression vehicles and motorized equipment	107,759	-	59,829	47,930
Fire prevention vehicle and motorized equipment	8,902	-	8,902	-
Planning:				
Supervision - equipment	15,951	-	15,951	-
Zoning vehicles and motorized equipment	14,672	-	7,196	7,476
Public works:				
Streets vehicles and motorized equipment	31,643	66,000	31,643	66,000
Streets equipment	1,668	-	1,668	-
Solid waste vehicles and motorized equipment	261,104	-	85,019	176,085
Supervision vehicles	6,738	-	6,738	-
Central services equipment	69,795	-	34,621	35,174
Fleet maintenance vehicles and motorized equipment	6,662	-	6,662	-
Landscaping equipment	16,421	-	16,421	-
Landscaping vehicles and motorized equipment	44,875	-	19,187	25,688
Parks and recreation:				
Playground and parks equipment	-	120,000	-	120,000
Athletics vehicle and motorized equipment	21,296	-	10,444	10,852
General services:				
Century Center furnishings and equipment	109,192	-	25,326	83,866
Total obligations under installment purchases - equipment	1,081,001	349,550	480,491	950,060
Installment purchases - improvements	3,006,169	-	118,109	2,888,060
Compensated absences	348,568	41,986	-	390,554
Net pension obligation	84,751	24,946	-	109,697
	\$ 5,511,489	\$ 416,482	\$ 730,600	\$ 5,197,371

TOWN OF CARRBORO, NORTH CAROLINA
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2002

Note 4. Summary Disclosure of Significant Contingencies

Federal- and State-Assisted Programs

The Town has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Employment Security Benefits

The Town has elected to pay the direct cost of employment security benefits in lieu of unemployment payroll taxes. A liability for such payments could accrue in the period following the discharge of an employee. The Town made payments of \$336 for employment security benefits during the current fiscal year.

Note 5. Subsequent Events

New Installment Purchase Financing

The Town approved the purchase of 23 acres of land for a future public works site. Installment purchase proceeds in the amount of \$767,000 was received in July 2002 to finance this purchase.

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REQUIRED SUPPLEMENTARY FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles.

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.

TOWN OF CARRBORO, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) + (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b) - (a)) + (c)
1994	\$ -	\$ 100,981	\$ 100,981	0.00%	\$ 777,653	12.99%
1995	-	132,650	132,650	0.00%	886,490	14.96%
1996	-	140,107	140,107	0.00%	999,917	14.01%
1997	-	149,324	149,324	0.00%	1,040,285	14.35%
1998	-	147,592	147,592	0.00%	1,033,027	14.29%
1999	-	208,366	208,366	0.00%	1,060,714	19.64%
2000	-	312,476	312,476	0.00%	1,189,634	26.27%
2001	-	355,690	355,690	0.00%	1,333,658	26.67%

TOWN OF CARRBORO, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Annual Percentage Contributed</u>
1997	\$ 20,212	71.97%
1998	22,336	32.56%
1999	24,375	0.00%
2000	24,100	29.93%
2001	28,960	49.82%
2002	35,631	34.71%

NOTES TO THE REQUIRED SCHEDULES

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2001
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	29 years
Asset valuation method	Market value
Actuarial assumptions	
Investment rate of return	7.25%
Projected salary increases	5.9% - 9.8%
Includes inflation at	3.75%
Cost of living adjustments	None

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GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Ad valorem taxes			
Taxes	\$ 6,762,786	\$ 6,820,388	\$ 57,602
Penalties and interest	13,500	18,282	4,782
Total	<u>6,776,286</u>	<u>6,838,670</u>	<u>62,384</u>
Local option sales taxes			
Article 39, 1%	841,057	883,886	42,829
Article 40, ½%	639,747	612,084	(27,663)
Article 42, ½%	640,189	606,606	(33,583)
Total	<u>2,120,993</u>	<u>2,102,576</u>	<u>(18,417)</u>
Other taxes and licenses			
Motor vehicle license fees	148,000	160,010	12,010
Privilege licenses	50,000	52,431	2,431
Franchise fees	120,390	231,823	111,433
Total	<u>318,390</u>	<u>444,264</u>	<u>125,874</u>
Unrestricted intergovernmental			
North Carolina Department of Transportation reimbursement	93,626	9,901	(83,725)
Utilities franchise and telecommunications tax	458,781	140,136	(318,645)
Intangibles tax reimbursement	193,498	187,400	(6,098)
Beer and wine tax	69,283	-	(69,283)
Food stamp tax reimbursement	4,000	3,930	(70)
Inventories tax reimbursement	56,100	27,875	(28,225)
Homestead reimbursement	3,575	-	(3,575)
Total	<u>878,863</u>	<u>369,242</u>	<u>(509,621)</u>
Restricted intergovernmental			
Powell Bill	476,622	478,240	1,618
COPS grant	27,588	71,183	43,595
Local Law Enforcement Block Grant	41,165	36,964	(4,201)
Crime Commission grant	-	6,488	6,488
Peace Haven grant	1,600	-	(1,600)
OWASA reimbursement	10,000	-	(10,000)
Regional planning work grant	23,416	21,277	(2,139)
Planning forestry grant	-	2,940	2,940
Chapel Hill transit	-	146,269	146,269
Public works forestry grant	-	1,000	1,000
FEMA assistance	-	7,992	7,992
NC DOT Bicycle Helmet assistance	-	700	700
Governor's Highway Safety assistance	-	644	644
Recreation municipal supplement	34,852	35,898	1,046
Total	<u>615,243</u>	<u>809,595</u>	<u>194,352</u>

TOWN OF CARRBORO, NORTH CAROLINA

Exhibit 1
Page 2 of 5

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Permits and fees			
Fire district fees	\$ 301,659	\$ 302,685	\$ 1,026
Building permits	55,500	75,811	20,311
Electrical permits	40,000	49,299	9,299
Mechanical permits	35,000	40,852	5,852
Re-inspection fees	20,000	13,513	(6,487)
Plumbing permits	35,000	40,863	5,863
Refuse collection fees	17,000	13,672	(3,328)
Development review	45,000	59,539	14,539
Engineering fees	37,000	47,422	10,422
Tower fees	68,547	68,548	1
Dog fees	5,000	4,567	(433)
Sign permits	400	1,225	825
Street cuts	-	1,168	1,168
Parking violations	3,000	1,895	(1,105)
Fines & Forfeiture	6,249	6,299	50
Street inspection fees	2,000	4,916	2,916
Court officer fees	3,500	2,412	(1,088)
Intrafund copier charges	10,000	3,190	(6,810)
Miscellaneous fees	25,200	8,330	(16,870)
Total	<u>710,055</u>	<u>746,206</u>	<u>36,151</u>
Sales and services			
Recreation fees	110,000	102,937	(7,063)
Town Center fees	52,000	48,466	(3,534)
Total	<u>162,000</u>	<u>151,403</u>	<u>(10,597)</u>
Investment earnings			
Interest on investments	130,000	75,598	(54,402)
Installment proceeds interest	-	374	374
Total	<u>130,000</u>	<u>75,972</u>	<u>(54,028)</u>
Other			
Sale of fixed assets	5,000	9,105	4,105
Refuse cart sales	12,000	8,280	(3,720)
Yard waste container sales	1,000	1,819	819
Farmers' Market rent	2,000	1,600	(400)
Donations	1,825	2,944	1,119
Miscellaneous	2,000	16,644	14,644
Total	<u>23,825</u>	<u>40,392</u>	<u>16,567</u>
Total revenues	<u>11,735,655</u>	<u>11,578,320</u>	<u>(157,335)</u>

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures			
General government			
Mayor and Board of Aldermen			
Personnel services	\$	\$ 57,073	\$
Operations		104,658	
Total	<u>170,533</u>	<u>161,731</u>	<u>8,802</u>
Advisory boards			
Operations		4,842	
Total	<u>12,895</u>	<u>4,842</u>	<u>8,053</u>
Governmental support			
Operations		200,122	
Total	<u>210,111</u>	<u>200,122</u>	<u>9,989</u>
Town Manager			
Personnel services		179,214	
Operations		28,963	
Total	<u>221,485</u>	<u>208,177</u>	<u>13,308</u>
Town Clerk			
Personnel services		73,706	
Operations		16,105	
Total	<u>105,659</u>	<u>89,811</u>	<u>15,848</u>
Management services			
Personnel services		393,018	
Operations		520,152	
Capital outlay		69,214	
Total	<u>1,035,595</u>	<u>982,384</u>	<u>53,211</u>
Personnel			
Personnel services		143,724	
Operations		42,415	
Capital outlay		4,914	
Total	<u>208,289</u>	<u>191,053</u>	<u>17,236</u>
Economic and community development			
Personnel services		78,946	
Operations		9,172	
Total	<u>90,820</u>	<u>88,118</u>	<u>2,702</u>
Total general government	<u>2,055,387</u>	<u>1,926,238</u>	<u>129,149</u>

TOWN OF CARRBORO, NORTH CAROLINA

Exhibit 1
Page 4 of 5

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public safety			
Police department			
Personnel services	\$	\$ 1,878,775	\$
Operations		254,046	
Capital outlay		226,367	
Total	<u>2,557,767</u>	<u>2,359,188</u>	<u>198,579</u>
Fire department			
Personnel services		1,089,144	
Operations		256,501	
Total	<u>1,444,745</u>	<u>1,345,645</u>	<u>99,100</u>
Total public safety	<u>4,002,512</u>	<u>3,704,833</u>	<u>297,679</u>
Planning			
Personnel services		675,082	
Operations		183,857	
Capital outlay		8,525	
Total planning	<u>995,105</u>	<u>867,464</u>	<u>127,641</u>
Transportation			
Operations		702,753	
Total transportation	<u>703,760</u>	<u>702,753</u>	<u>1,007</u>
Public works			
Public works department			
Personnel services		1,377,521	
Operations		1,375,550	
Capital outlay		124,933	
Total public works	<u>3,393,057</u>	<u>2,878,004</u>	<u>515,053</u>
Parks and recreation			
Recreation department			
Personnel services		681,083	
Operations		227,554	
Capital outlay		1,700	
Total parks and recreation	<u>1,183,564</u>	<u>910,337</u>	<u>273,227</u>

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General services			
Operations	<u>\$</u>	<u>\$ 1,000</u>	<u>\$</u>
Total general services	<u>6,323</u>	<u>1,000</u>	<u>5,323</u>
Debt service			
Principal retirement		250,109	
Interest and fees		283,888	
Total debt service	<u>539,004</u>	<u>533,997</u>	<u>5,007</u>
Total expenditures	<u>12,878,712</u>	<u>11,524,626</u>	<u>1,354,086</u>
Revenues over (under) expenditures	<u>(1,143,057)</u>	<u>53,694</u>	<u>1,196,751</u>
Other financing sources (uses)			
Operating transfers in			
From Special Revenue Funds	76,000	76,000	-
Operating transfers out			
To Special Revenue Funds	(473,214)	(291,504)	181,710
To Capital Projects Fund	(1,500)	(1,500)	-
Proceeds from installment purchase agreements	<u>416,629</u>	<u>349,550</u>	<u>(67,079)</u>
Total other financing sources	<u>17,915</u>	<u>132,546</u>	<u>114,631</u>
Revenues and other sources over (under)			
expenditures and other uses	<u>(1,125,142)</u>	<u>186,240</u>	<u>1,311,382</u>
Appropriated fund balance	<u>1,125,142</u>	<u>-</u>	<u>(1,125,142)</u>
Revenues, other sources and appropriated			
fund balance over expenditures and other			
uses	<u>\$ -</u>	<u>186,240</u>	<u>\$ 186,240</u>
Fund balance, beginning of year		<u>4,534,139</u>	
Fund balance, end of year		<u>\$ 4,720,379</u>	

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**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2002**

	HOME Program Grant Match Fund	Revolving Loan Fund	Capital Reserve Fund	Payment in Lieu Reserve Fund	Total
ASSETS					
Cash and cash equivalents	\$ 15,363	\$ 390,929	\$ 890,247	\$ 33,490	\$ 1,330,029
Notes receivable	-	232,329	-	-	232,329
Total Assets	<u>\$ 15,363</u>	<u>\$ 623,258</u>	<u>\$ 890,247</u>	<u>\$ 33,490</u>	<u>\$ 1,562,358</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Deferred revenues	\$ -	\$ 232,329	\$ -	\$ -	\$ 232,329
Total liabilities	-	232,329	-	-	232,329
Fund balances					
Unreserved					
Designated for specific purposes	15,363	-	672,758	26,071	714,192
Designated for subsequent year's expenditures	-	-	197,023	-	197,023
Undesignated	-	390,929	20,466	7,419	418,814
Total fund balances	<u>15,363</u>	<u>390,929</u>	<u>890,247</u>	<u>33,490</u>	<u>1,330,029</u>
Total Liabilities and Fund Balances	<u>\$ 15,363</u>	<u>\$ 623,258</u>	<u>\$ 890,247</u>	<u>\$ 33,490</u>	<u>\$ 1,562,358</u>

**SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2002**

	HOME Program Grant Match Fund	Revolving Loan Fund	Capital Reserve Fund	Payment in Lieu Reserve Fund	Total
Revenues					
Investment earnings	\$ -	\$ 27,132	\$ 19,124	\$ 1,397	\$ 47,653
Other	-	97,103	-	-	97,103
Total revenues	-	124,235	19,124	1,397	144,756
Expenditures					
General government	-	1,029	-	-	1,029
Other appropriations	-	45,000	-	-	45,000
Total expenditures	-	46,029	-	-	46,029
Revenues over (under) expenditures	-	78,206	19,124	1,397	98,727
Other financing sources (uses)					
Operating transfers in (out)					
From General Fund	13,149	-	278,355	-	291,504
To General Fund	-	-	(76,000)	-	(76,000)
To Capital Projects Fund	-	-	(78,000)	(41,500)	(119,500)
Total other financing sources (uses)	13,149	-	124,355	(41,500)	96,004
Revenues and other sources over (under) expenditures and other uses	13,149	78,206	143,479	(40,103)	194,731
Fund balances, beginning of year	2,214	312,723	746,768	73,593	1,135,298
Fund balances, end of year	<u>\$ 15,363</u>	<u>\$ 390,929</u>	<u>\$ 890,247</u>	<u>\$ 33,490</u>	<u>\$ 1,330,029</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - PROJECT AUTHORIZATION AND ACTUAL -
HOME PROGRAM GRANT MATCH FUND
From Project Inception and for the Year Ended June 30, 2002**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Expenditures					
Other appropriations	\$ 61,448	\$ 46,085	\$ -	\$ 46,085	\$ 15,363
Other financing sources					
Operating transfers in From General Fund	<u>61,448</u>	<u>48,299</u>	<u>13,149</u>	<u>61,448</u>	<u>-</u>
Other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 2,214</u>	13,149	<u>\$ 15,363</u>	<u>\$ 15,363</u>
Fund balance, beginning of year			<u>2,214</u>		
Fund balance, end of year			<u>\$ 15,363</u>		

TOWN OF CARRBORO, NORTH CAROLINA

Exhibit 5
Page 1 of 2SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - PROJECT AUTHORIZATION AND ACTUAL -
REVOLVING LOAN FUND

From Grant Inception and for the Year Ended June 30, 2002

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
Revenues					
General revenues					
Investment earnings					
Interest on investments	\$ 167,064	\$ 159,450	\$ 8,005	\$ 167,455	\$ 391
Interest repayments	262,646	241,565	19,127	260,692	(1,954)
Total investment earnings	429,710	401,015	27,132	428,147	(1,563)
Other general revenues					
Revolving loan payments					
S & B Beauty	17,265	15,136	2,395	17,531	266
University Printery	14,726	13,174	2,640	15,814	1,088
Orange/Chatham Comprehensive Health	40,745	34,937	6,140	41,077	332
Carrburrito's, Inc.	22,435	17,357	4,081	21,438	(997)
Acme Food & Beverage Company	9,621	7,879	7,712	15,591	5,970
The Trains, Inc.	27,181	14,580	22,753	37,333	10,152
Mill Town Bistro	39,178	20,354	29,646	50,000	10,822
El Chilango	8,287	4,602	3,910	8,512	225
Paper, Pen & Ink	21,762	20,551	1,614	22,165	403
Alphabet Soup	2,953	-	2,462	2,462	(491)
Chicken Noodle Soup	4,440	-	4,034	4,034	(406)
Orange County Social Club	8,799	-	9,716	9,716	917
Original loan repayments	273,087	273,086	-	273,086	(1)
Total revolving loan payments	490,479	421,656	97,103	518,759	28,280
Total revenues	920,189	822,671	124,235	946,906	26,717

TOWN OF CARRBORO, NORTH CAROLINA

Exhibit 5
Page 2 of 2SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - PROJECT AUTHORIZATION AND ACTUAL -
REVOLVING LOAN FUND

From Grant Inception and for the Year Ended June 30, 2002

	Actual			Variance
	Project	Prior	Current	Favorable
	Authorization	Years	Year	(Unfavorable)
Expenditures				
Current:				
General government				
Administration	\$ 13,274	\$ 7,622	\$ 1,029	\$ 4,623
Other appropriations:				
S & B Beauty	30,000	30,000	-	-
University Printery	30,000	30,000	-	-
Orange/Chatham Comprehensive				
Health	50,000	50,000	-	-
Carrburrito's, Inc.	40,000	40,000	-	-
Acme Food & Beverage Company	50,000	50,000	-	-
The Trains, Inc.	50,000	50,000	-	-
Mill Town Bistro	50,000	50,000	-	-
El Chilango	50,000	50,000	-	-
Paper, Pen & Ink	35,000	35,000	-	-
Alphabet Soup	48,000	48,000	-	-
Chicken Noodle Soup	15,000	-	15,000	-
Orange County Social Club	30,000	-	30,000	-
Loss on loans	45,326	45,326	-	-
Unexpended reserves	369,589	-	-	369,589
	<u>892,915</u>	<u>478,326</u>	<u>45,000</u>	<u>369,589</u>
Total expenditures	<u>906,189</u>	<u>485,948</u>	<u>46,029</u>	<u>374,212</u>
Revenues over expenditures	<u>14,000</u>	<u>336,723</u>	<u>78,206</u>	<u>400,929</u>
Other financing sources (uses)				
Operating transfers in (out)				
From General Fund	90,000	80,000	-	(10,000)
To General Fund	(104,000)	(104,000)	-	-
Total other financing sources (uses)	<u>(14,000)</u>	<u>(24,000)</u>	<u>-</u>	<u>(10,000)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ 312,723</u>	<u>78,206</u>	<u>\$ 390,929</u>
Fund balance, beginning of year			<u>312,723</u>	
Fund balance, end of year			<u>\$ 390,929</u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - CAPITAL RESERVE FUND
Year Ended June 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Interest earnings	\$ -	\$ 19,124	\$ 19,124
Other financing sources (uses)			
Operating transfers in (out)			
From General Fund	-	278,355	278,355
To General Fund	(76,000)	(76,000)	-
To Capital Projects Fund	(78,000)	(78,000)	-
Total other financing sources (uses)	(154,000)	124,355	278,355
Revenues and other sources over (under) other uses	(154,000)	143,479	297,479
Appropriated fund balance	154,000	-	(154,000)
Revenues, other sources and appropriated fund balance over other uses	\$ -	143,479	\$ 143,479
Fund balance, beginning of year		746,768	
Fund balance, end of year		\$ 890,247	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -
PAYMENT IN LIEU RESERVE FUND
Year Ended June 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Interest earnings	\$ -	\$ 1,397	\$ 1,397
Other financing uses			
Operating transfers out			
To General Fund			
To Capital Projects Fund	<u>(41,500)</u>	<u>(41,500)</u>	<u>-</u>
Revenues under other uses	(41,500)	(40,103)	1,397
Appropriated fund balance	<u>41,500</u>	<u>-</u>	<u>(41,500)</u>
Revenues and appropriated fund balance under other uses	<u>\$ -</u>	(40,103)	<u>\$ (40,103)</u>
Fund balance, beginning of year		<u>73,593</u>	
Fund balance, end of year		<u>\$ 33,490</u>	

TOWN OF CARRBORO, NORTH CAROLINA

Exhibit 8
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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - PROJECT AUTHORIZATION
AND ACTUAL - CAPITAL PROJECTS FUND
From Inception and for the Year Ended June 30, 2002**

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Capital projects					
Town Commons project					
Interest	\$ 47,713	\$ 47,713	\$ -	\$ 47,713	\$ -
Contributions	64,040	64,179	-	64,179	139
Restricted contributions	1,825	1,825	-	1,825	-
N. C. Department of Agriculture grant	<u>236,000</u>	<u>236,000</u>	<u>-</u>	<u>236,000</u>	<u>-</u>
Total Town Commons project	<u>349,578</u>	<u>349,717</u>	<u>-</u>	<u>349,717</u>	<u>139</u>
Century Center/Town Wall project					
Interest	273,187	305,263	-	305,263	32,076
Century Center floor contributions	44,064	32,073	5,317	37,390	(6,674)
Century Center artwork	6,950	500	-	500	(6,450)
Sales tax refund	<u>20,423</u>	<u>-</u>	<u>19,756</u>	<u>19,756</u>	<u>(667)</u>
Total Century Center/Town Wall project	<u>344,624</u>	<u>337,836</u>	<u>25,073</u>	<u>362,909</u>	<u>18,285</u>
General					
Interest	<u>-</u>	<u>19,864</u>	<u>7,807</u>	<u>27,671</u>	<u>27,671</u>
Total general	<u>-</u>	<u>19,864</u>	<u>7,807</u>	<u>27,671</u>	<u>27,671</u>
Total revenues	<u>694,202</u>	<u>707,417</u>	<u>32,880</u>	<u>740,297</u>	<u>46,095</u>
Expenditures					
Town Commons project					
Professional services	25,247	25,247	-	25,247	-
Architectural services	1,000	947	-	947	53
Miscellaneous (fundraising expense)	9,733	9,732	-	9,732	1
Equipment (bandstand)	53,784	38,600	-	38,600	15,184
Project management	37,618	37,617	-	37,617	1
Phase I construction	<u>222,196</u>	<u>221,345</u>	<u>850</u>	<u>222,195</u>	<u>1</u>
Total Town Commons project	<u>349,578</u>	<u>333,488</u>	<u>850</u>	<u>334,338</u>	<u>15,240</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - PROJECT AUTHORIZATION
AND ACTUAL - CAPITAL PROJECTS FUND
From Inception and for the Year Ended June 30, 2002**

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
Century Center/Town Wall project					
Church purchase	\$ 1,365,625	\$ 1,354,900	\$ -	\$ 1,354,900	\$ 10,725
Church renovation	1,144,617	1,144,617	-	1,144,617	-
Asbestos removal	113,500	113,107	-	113,107	393
Architectural services	163,333	156,835	-	156,835	6,498
Lead paint abatement	3,875	2,825	1,050	3,875	-
Permits and fees	13,215	13,214	-	13,214	1
Dance floor reserve	3,208	1,964	-	1,964	1,244
Construction management	23,524	25,824	-	25,824	(2,300)
Renovation contingency	27,086	-	-	-	27,086
Equipment	14,176	1,608	4,992	6,600	7,576
Furnishings	164,671	157,541	1,828	159,369	5,302
Miscellaneous	14,450	8,471	4,620	13,091	1,359
Mechanical	413,835	413,834	-	413,834	1
Electrical	226,477	178,329	33,758	212,087	14,390
Plumbing	197,670	187,805	9,863	197,668	2
Construction Service	2,500	-	-	-	2,500
Total Century Center/Town Wall project	3,891,762	3,760,874	56,111	3,816,985	74,777
Town Wall repairs					
Parapet wall repairs	255,212	228,385	-	228,385	26,827
Total Town Wall repairs	255,212	228,385	-	228,385	26,827
Roberson Place bike path					
Land	30,000	28,120	-	28,120	1,880
Total Roberson Place bike path	30,000	28,120	-	28,120	1,880
Hillsborough Road Park					
Miscellaneous	1,500	1,017	-	1,017	483
Land	553,000	552,700	-	552,700	300
Design	41,750	22,075	-	22,075	19,675
Total Hillsborough Road Park	596,250	575,792	-	575,792	20,458
Smith Middle School					
Design	116,500	-	-	-	116,500
Total Smith Middle School	116,500	-	-	-	116,500
Public Works Facility					
Professional Services	6,068	-	-	-	6,068
Permit & Fees	10,932	-	250	250	10,682
Land	750,000	-	7,500	7,500	742,500
Total Public Works Facility	767,000	-	7,750	7,750	759,250

TOWN OF CARRBORO, NORTH CAROLINA

Exhibit 8
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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - PROJECT AUTHORIZATION
AND ACTUAL - CAPITAL PROJECTS FUND
From Inception and for the Year Ended June 30, 2002**

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Hillsborough Road Widening Project contractual services	27,856	-	-	-	27,856
Total Hillsborough Road Widening Project	27,856	-	-	-	27,856
Street Resurfacing Project Street Resurfacing Project	78,000	-	-	-	78,000
Total Street Resurfacing Project	78,000	-	-	-	78,000
Total expenditures	6,112,158	4,926,659	64,711	4,991,370	1,120,788
Revenues under expenditures	(5,417,956)	(4,219,242)	(31,831)	(4,251,073)	1,166,883
Other financing sources					
Operating transfers in					
From General Fund	\$ 340,969	\$ 339,469	\$ 1,500	\$ 340,969	\$ -
From Capital Reserve Fund	282,498	204,498	78,000	282,498	-
From Payment in Lieu Reserve Fund	512,412	470,912	41,500	512,412	-
From Debt Service Fund	10,845	10,845	-	10,845	-
Proceeds from installment purchase agreements	4,271,232	3,494,000	-	3,494,000	(777,232)
Total other financing sources	5,417,956	4,519,724	121,000	4,640,724	(777,232)
Revenues and other sources over expenditures	\$ -	\$ 300,482	89,169	\$ 389,651	\$ 389,651
Fund balance, beginning of year			300,482		
Fund balance, end of year			\$ 389,651		

ADDITIONAL FINANCIAL DATA

This section contains additional information on property taxes and transfers.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy
- Schedule of Interfund Transfers

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2002

<u>Year of Levy</u>	<u>Uncollected Balance July 1, 2000</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2001</u>
2001	\$ -	\$ 6,984,830	\$ 6,883,438	\$ 101,392
2000	131,118	-	75,710	55,408
1999	28,125	-	8,168	19,957
1998 and prior	114,448	-	5,749	108,699
	273,691	<u>\$ 6,984,830</u>	<u>\$ 6,973,065</u>	285,456
Less allowance for uncollectible accounts	<u>(57,349)</u>			<u>(62,938)</u>
Receivables, net	<u>\$ 216,342</u>			<u>\$ 222,518</u>
Reconciliation of revenues with collections:				
General Fund				\$ 6,838,670
General Fund vehicle license fees				<u>160,010</u>
Total revenues				6,998,680
Reconciling items:				
Adjustments				(7,333)
Penalties and interest				<u>(18,282)</u>
				<u>\$ 6,973,065</u>

ANALYSIS OF CURRENT TAX LEVY - TOWN-WIDE LEVY
Year Ended June 30, 2002

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 1,030,278,776	\$ 0.6568	\$ 6,766,871	\$ 6,187,832	\$ 579,039
Penalties and interest	-		14,467	14,467	-
Total	1,030,278,776		6,781,338	6,202,299	579,039
Discoveries:					
Current year taxes	6,471,833	0.6568	42,507	42,507	-
Total gross levy	1,036,750,609		6,823,845	6,244,806	579,039
Vehicle tag fee	-		165,585	-	165,585
Total property valuation	<u>\$ 1,036,750,609</u>				
Releases and abatements			(4,600)	(4,600)	-
Net levy			6,984,830	6,240,206	744,624
Uncollected taxes at June 30, 2002			101,392	24,620	76,772
Current year's taxes collected			<u>\$ 6,883,438</u>	<u>\$ 6,215,586</u>	<u>\$ 667,852</u>
Current levy collection percentage			<u>98.55%</u>	<u>99.61%</u>	<u>89.69%</u>

SCHEDULE OF INTERFUND TRANSFERS
Year Ended June 30, 2002

<u>Transfers from</u>	<u>Transfers to</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	
General Fund	\$ -	\$ 291,504	\$ 1,500	\$ 293,004
Special Revenue Funds	<u>76,000</u>	<u>-</u>	<u>119,500</u>	<u>195,500</u>
	<u>\$ 76,000</u>	<u>\$ 291,504</u>	<u>\$ 121,000</u>	<u>\$ 488,504</u>

SUPPLEMENTARY INFORMATION

COMPLIANCE SECTION

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor, Board of Aldermen
and the Town Manager
Town of Carrboro
Carrboro, North Carolina

We have audited the financial statements of the Town of Carrboro, North Carolina as of and for the year ended June 30, 2002, and have issued our report thereon dated September 20, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Carrboro's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Carrboro's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, members of the Board of Aldermen, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Dixon Odom PLLC

September 20, 2002



DIXON ODOM PLLC

Certified Public Accountants and Consultants

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF
OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

To the Honorable Mayor, Board of Aldermen
and the Town Manager
Town of Carrboro
Carrboro, North Carolina

Compliance

We have audited the compliance of the Town of Carrboro, North Carolina with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to its major state program for the year ended June 30, 2002. The Town of Carrboro's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major state program is the responsibility of the Town of Carrboro's management. Our responsibility is to express an opinion on the Town of Carrboro's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*; and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Carrboro's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Carrboro's compliance with those requirements.

In our opinion, the Town of Carrboro complied, in all material respects, with the requirements referred to above that are applicable to its major state program for the year ended June 30, 2002.

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An association of independent
accounting firms throughout the world.

Internal Control Over Compliance

The management of the Town of Carrboro is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Town of Carrboro's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, members of the Board of Aldermen, and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Dixon Odom PLLC

September 20, 2002

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2002

Schedule 4
Page 1 of 2

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Reportable conditions identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

State Awards

Internal control over major state programs:

- Material weaknesses identified? _____ Yes X No
- Reportable conditions identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to state awards? _____ Yes X No

Type of auditors' report issued on compliance for major state programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? _____ Yes X No

Identification of major state programs:

Grant ID Number

9.90000

Program Name

Powell Bill

TOWN OF CARRBORO, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2002

Schedule 4
Page 2 of 2

II. Findings Related to the Audit of the Financial Statements of the Town of Carrboro

None reported.

III. Findings and Questioned Costs Related to the Audit of Federal and State Awards

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2002

No findings were noted in the prior year audit report.

TOWN OF CARRBORO, NORTH CAROLINA

Schedule 6

Page 1 of 2

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2002

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant ID/ Project Number</u>	<u>Federal and Pass-through Expenditures</u>	<u>State Expenditures</u>
FEDERAL AWARDS				
<i>U. S. Department of Agriculture/ Forest Service</i>				
Passed through the N. C. Department of Environmental and Natural Resources/Division of Forest Resources				
N. C. Urban and Community Forestry Grant Program	10.664	ATB 2001-46	\$ 2,940	\$ -
N. C. Urban and Community Forestry Grant Program	10.664	ATB 2001-04	1,000	-
Total U. S. Department of Agriculture			3,940	-
<i>U. S. Department of Justice</i>				
Direct Program				
COPS Grant	16.710	2000-SHWX0497	\$ 71,183	\$ -
Local Law Enforcement Block Grant	16.592	2000-LB-BX-1315	9,899	-
Local Law Enforcement Block Grant	16.592	2000-LB-BX-2334	14,187	-
Local Law Enforcement Block Grant	16.592	2001-LB-BX-1566	12,878	-
Total U. S. Department of Justice			108,147	-
<i>U. S. Department of Transportation</i>				
Passed through the Town of Chapel Hill Urbanized Area Formula Program	20.507	-	146,269	-
Passed through the City of Durham Regional Planning Work Program	20.205	Sec. 104(F) DCHC	21,277	-
Passed through the N.C. Department of Transportation				
Bicycle and Pedestrian Transportation State and Community Highway Safety Program	20.600	9.4115137	700	-
Governor's Highway Safety Program State and Community Highway Safety Program	20.600	9.4113110	644	-
Total U. S. Department of Transportation			168,890	-
<i>Federal Emergency Management Agency</i>				
Passed through the N. C. Division of Emergency Management				
Hurricane Fran Disaster Assistance	83.544	-	7,992	-
Total Federal Emergency Management Agency			7,992	-
Total Federal Awards			288,969	-

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2002

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant ID/ Project Number</u>	<u>Federal and Pass-through Expenditures</u>	<u>State Expenditures</u>
STATE AWARDS				
<i>N. C. Department of Transportation</i>				
Powell Bill	-	9.90000	\$ -	\$ 478,240
Total N. C. Department of Transportation			-	478,240
<i>N. C. Division of Crime Control and Public Safety</i>				
Drug and Criminal Activity Focus	-	068-1-00-004-D-314	-	6,488
Total N. C. Division of Crime Control and Public Safety			-	6,488
Total State Awards			-	484,728
Total Assistance			\$ 288,969	\$ 484,728

Note to the Schedule of Expenditures of Federal and State Financial Awards

Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Town of Carrboro, North Carolina and is presented on the modified accrual basis of accounting.